GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

CA,F&CS Department – Mobile Dispensing Units – MDUs insurance –Termination of Tripartite agreement - Permission to re-enter into revised Tripartite agreement with the Bank of Baroda – Orders – Issued.

CONSUMER AFFAIRS, FOOD & CIVIL SUPPLIES (CS.I) DEPARTMENT

G.O.Rt.No.5 Dated.02.03.2023

Read the following:

1 G.O.Ms.No.10, CA F & CS (CS.I) Department, dated:24.08.2020.
2. G.O.Ms.No.20, CA F & CS (CS.I) Department,dated:09.11.2020.
3.E mail dated:18.02.2023 from Sr. Manager, Regional Office, Bank of Baroda, Vijayawada,
4.Lr.No.ROV:MKTG:196/2023, dtd:27.02.2023 of the Asst. General Manager & Regional Head, Bank of Baroda, Regional Office, Vijayawada, A.P.

ORDER :

In the references 1st and 2nd read above, Government have issued orders on supply of scheduled commodities at the doorstep of the Rice card holders through 9260 four wheeler mini truck vehicles (Mobile Dispensing Units) engaged by the APSCSCL for a contract period of six (6) years. In the reference 2nd read above, Government have permitted the Andhra Pradesh State Civil Supplies Corporation Limited to enter into MoUs with individual welfare corporations to utilize the services of the beneficiaries selected by the concerned Welfare corporations.

2. As per the tripartite agreement, concerned Welfare Corporation is the first party, M/s.Bank of Baroda is the second party and M/s. A.P.S.C.S.C.L. is the third party. In the said agreement, at clause No.11, it was indicated that:

"the Third Party and First Party to facilitate registering the Mobile Dispensing Unit in the name of individual borrowers and shall be insured the same with comprehensive liability coverage as Second party is the financier for the said Mobile Dispensing Units. The insurance for the first year shall be arranged by the manufacturer/supplier".

However, from 2nd year onwards the Mobile Dispensing Unit shall be insured by the borrower from the tie-up partners of the Bank or as identified by the Bank, alternatively Bank can get it insured from the insurance company by debiting the requisite insurance premium from loan/SB account of the borrower as per mutual consent and may be included in the undertaking by the Beneficiaries.

3. 1st term insurance amount for the year 2021 was paid by the manufacturer/supplier. With regard to 2nd year, (i.e.,2022) insurance amount @ Rs.10,190-00 per each MDU vehicle i.e., Rs.9.44 Cr. was debited from the MDU operators accounts by Bank of Baroda. In the month of Jan.2023, the Bank of

Baroda has deducted Rs.18896/- from the MDU operators loan accounts for the year 2023.

4. But, the Bank of Baroda officials have not taken consent from the Beneficiaries and Government, as indicated in clause 11 of the tripartite agreement and debited insurance premium from loan/SB account of the borrower.

5. Further, Bank of Baroda has reported that, only an amount of Rs.3,46,052-00 has been paid by the Insurance company towards claims during the last two years. The Regional office, Bank of Baroda has now unilaterally proposed Rs.18,896/- per MDU vehicle and the total amount is Rs.17.50 Cr. for the year 2023.

6. The insurance claims details reported by the Bank of Baroda in the reference 3rd read above, shows that there is less incidence of accidents and thereby the claims and the Insurance model in the present format is clearly a big drain on financial position of the Operator/Govt, whoever pays for it without any proportionate benefit. Further, as these vehicles operate in the neighbourhood, the chances of accidents are very less.

7. Government, after careful examination of the matter, hereby order that the existing tripartite agreement entered by the concerned welfare corporations, M/s. Bank of Baroda and M/s. A.P.S.C.S.C.L. shall be terminated immediately. A fresh Tripartite agreement shall be entered by the VC & MD, APSCSCL and other (06) welfare corporation (SC/ST,BC,EBC, Minorities and Christian Minority) with the Bank of Baroda duly omitting the clause 11 of the existing agreement regarding the terms of MDUs insurance, as the said clause is not in the interest of beneficiaries and there is a clear violation from the bank side in implementing the relevant clauses of the MoU. The Regional Office, Bank of Baroda is barred from collecting the insurance premium from the MDUs loan accounts or from the savings accounts of MDU operators.

8. The Vice Chairman & Managing Director, A.P. State Civil Supplies Corporation Ltd., Vijayawada and the concerned Welfare Departments and the Bank of Baroda shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

H. ARUN KUMAR
EX-OFFICIO SECRETARY TO GOVERNMENT

To
The Commissioner of Civil Supplies, AP, Vijayawada.
The Vice Chairman & Managing Director, A.P. State Civil Supplies Corporation Ltd., Vijayawada.
SC /ST/ BC/EBC / Minority Welfare Corporations, AP.
The Dy. Regional Manager,Regional Office, Bank of Baroda, Vijayawada.
The Commissioner, Printing and Stationery, A.P., Vijayawada with a request to publish [illegible]. in AP gazette.

//FORWARDED :: BY ORDER//

SECTION OFFICER